

## HOUSE BILL NO. 413

INTRODUCED BY K. PETERSON, ARNTZEN, GLASER, MCGILLVRAY

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR ENERGY CONSERVATION LOANS FOR PUBLIC SCHOOL DISTRICT FACILITIES; AUTHORIZING PUBLIC SCHOOL DISTRICTS TO PARTICIPATE IN THE STATE ENERGY CONSERVATION PROGRAM; AUTHORIZING THE BOARD OF INVESTMENTS TO INVEST ~~UP TO \$50 MILLION~~ A PORTION OF THE COAL SEVERANCE TAX PERMANENT FUND IN LOANS TO SCHOOL DISTRICTS FOR ENERGY CONSERVATION PROJECTS; AMENDING SECTIONS 17-6-305, 90-4-602, AND 90-4-605, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**NEW SECTION.** **Section 1. School district energy conservation program loans.** A school district may participate in the energy conservation program provided in Title 90, chapter 4, part 6, and may seek a loan from the board of investments as provided in 17-6-305(1)(b). A school district may pledge up to 50% of the anticipated energy cost savings from an energy conservation project to the repayment of the loan.

**Section 2.** Section 17-6-305, MCA, is amended to read:

**"17-6-305. Investment of coal tax trust fund in Montana economy -- report by board.** (1) (a) Subject to the provisions of 17-6-201(1) and subsection (1)(b) of this section, the board shall endeavor to invest 25% of the permanent coal tax trust fund established in 17-6-203(6) in the Montana economy, with special emphasis on investments in new or expanding locally owned enterprises. Investments made pursuant to this section do not include investments made pursuant to 17-6-309(2). For purposes of calculating the 25% of the permanent coal tax trust fund, the board shall include all funds listed in 17-5-703(1). The portion of the permanent coal tax trust fund contained in portfolios formerly administered by the Montana board of science and technology development is included in the 25% of the trust fund allocated to the board for in-state investment under this section. This subsection does not prohibit the board from investing more than 25% of the permanent coal tax trust fund in the Montana economy if it is prudent to do so and the investments will benefit the Montana economy.

(b) (i) The board shall endeavor to invest ~~up to \$50 million~~ A PORTION of the coal severance tax permanent fund in energy efficiency projects for public schools based upon the energy conservation program

1 report provided for in 90-4-605(6). Based upon the report, a school district may apply for a loan under this  
2 subsection (1)(b). The loan application must reference the portion of the report upon which the application is  
3 based.

4 (ii) IF THE BOARD APPROVES A LOAN TO A SCHOOL DISTRICT, IT SHALL ESTABLISH A REPAYMENT TERM, NOT TO  
5 EXCEED 15 YEARS, THAT IS BASED UPON THE PLEDGE MADE UNDER [SECTION 1] AND UPON OTHER FINANCIAL RESOURCES  
6 OF THE SCHOOL DISTRICT. THE INTEREST RATE FOR THE TERM OF THE LOAN IS THE INTERCAP RATE THAT IS IN EFFECT AT  
7 THE TIME THE LOAN IS APPROVED.

8 (2) In determining the probable income to be derived from investment of this revenue, the long-term  
9 benefit to the Montana economy must be considered.

10 (3) The legislature may provide additional procedures to implement this section.

11 (4) The board shall include a report on the investments made under this section as a part of the  
12 information required by 17-7-111."

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14 **Section 3.** Section 90-4-602, MCA, is amended to read:

15 **"90-4-602. Definitions.** As used in this part, unless the context requires otherwise, the following  
16 definitions apply:

17 (1) "Board" means the board of examiners provided for in 2-15-1007.

18 (2) "Cost" includes the expenses related to planning, design, construction, and installation of energy  
19 conservation improvements and any administrative expenses of the department incurred in the performance of  
20 its duties under the energy conservation program.

21 (3) "Department" means the department of environmental quality provided for in 2-15-3501.

22 (4) "Energy conservation program" means a program for the financing, acquisition, construction, and  
23 installation of energy saving equipment, systems, and improvements in state-owned buildings, structures, and  
24 facilities and for the evaluation of potential energy savings and recommendations for energy conservation  
25 investments for public school buildings.

26 (5) "Energy conservation program bonds" includes all series of bonds issued to finance any portion of  
27 the energy conservation program.

28 (6) "Energy cost savings" means the savings in utility costs to a state agency or public school district as  
29 a result of an energy conservation program.

30 (7) "Public school district" means a "district" as defined in 20-6-101.

1           ~~(7)~~(8) "State agency" means:

2           (a) each executive, legislative, or judicial branch department, office, or agency; and

3           (b) the university system."

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5           **Section 4.** Section 90-4-605, MCA, is amended to read:

6           **"90-4-605. Preparation of energy conservation program.** (1) The department shall identify state  
7 agency buildings that have a potential for energy savings, based on age, energy use, function, and condition of  
8 the building. Upon request of the department, a state agency shall provide the department with information  
9 necessary to allow the department to comply with this requirement. A public school district may submit an  
10 application to the department for an evaluation of the potential for energy savings in a building owned by the  
11 public school district based upon the criteria in this subsection.

12           (2) Based on the criteria in subsection (1) and on the feasibility of leveraging other funds, such as federal  
13 and utility energy conservation program money, the department shall select certain facilities for indepth energy  
14 analyses to identify the technical and financial feasibility of making energy conservation improvements to the  
15 facilities.

16           (3) Upon completion of the energy analyses, the department shall identify estimated costs and savings  
17 to the state or public school district based on these analyses. If the estimated savings for the state are determined  
18 to be greater than the bond payment costs for a particular project, the department shall notify the department of  
19 administration. Upon receipt of the notification, the department of administration shall implement a design and  
20 construction project using bond proceeds for the costs of the project.

21           (4) The department shall compile a report that must include the following:

22           (a) a listing of contacts between the department and other state agencies or public school districts;

23           (b) a summary of the department's review of agency and school district requests and a selection of  
24 projects for indepth analysis;

25           (c) a summary of the energy analyses conducted by the department, including the estimated cost of each  
26 proposed project and the estimated energy cost savings of each proposed project; and

27           (d) a listing of additional projects under consideration, for which energy analyses have not been  
28 conducted.

29           (5) The department shall submit the report required by subsection (4) to the governor before September  
30 1 of each even-numbered year.

(6) The department shall submit the portion of the report relating to public school districts to the board of investments. Based upon the report, the board of investments may make a loan to the public school district for the energy conservation project pursuant to 17-6-305(1)(b)."

**NEW SECTION.** **Section 5. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 20, chapter 9, part 5, and the provisions of Title 20, chapter 9, part 5, apply to [section 1].

**NEW SECTION.** **Section 6. Effective date.** [This act] is effective on passage and approval.

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